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Foundation Mysteries In the CIA

By Victor Wilson
Of The Herald Tribune Staff

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The Central Intelligence Agency contributed money to, and presumably used a New York City tax-exempt foundation as a "front," it was disclosed here yesterday.

As a result of the revelation by Rep. Wright Patman, D., Tex., because the spy agency once hurt his feelings, the usefulness of the J. M. Kaplan Fund, Inc., apparently has ended for the CIA.

The fund has assets of around \$15 millions, and was created in 1946 by Jacob Merrill Kaplan, of 53 E. 80th St., to "strengthen democracy at home and abroad through a program of general assistance to benevolent, charitable, educational, scientific and literary activities. . . ."

Mr. Kaplan, 71, is former president of the Welch Grape Juice Co. and Hearn Department Stores, Inc., of New York, a director of Freedom House, and a trustee of the New York School for social research. He has homes in New York City and East Hampton, L. I.

How much the CIA poured into the Kaplan Fund, and how, and for what the money was expended, was hidden behind a CIA tight-lipped "no comment." It was understood, however, the "ar-

rangement" existed since 1959, and ended this year.

At least one other case of supposed CIA use of a "fund" is on the public record. This concerned the arrest in August, 1960, of two Air Force veterans touring Russia. They were Mark I. Kaminsky and Harvey C. Bennett, both of Bath, Me.

As related in "The Invisible Government," still a Random House best-seller, written by David Wise and Thomas B. Ross, the pair presumably were charged with spying. Mr. Kaminsky was sentenced to seven years. Later, however, both men were expelled from Russia.

On arrival in New York by air, the pair denied spying, and said they traveled to Russia on grants of \$2,000 each from the "Northcraft Educational Fund of Philadelphia." No such organiza-

tion could be located by the authors of the volume, devoted to CIA operations.

Late yesterday, Rep. Patman, head of a House Small Business subcommittee now investigating tax-exempt foundations for possible law violations, met behind closed doors with members of his group and unnamed representatives of the CIA.

Afterward, he issued a short statement saying the subcommittee was dropping any CIA aspect of the Kaplan Fund probe. There simply wasn't any connection of interest to the subcommittee, the statement went on. It concluded by saying that "the CIA does not belong in this foundation investigation."

This, was quite a change from several hours earlier when Rep. Patman told reporters that because the CIA had "trifled with" him, he felt no obligation to conceal the fact that it had funneled

money into the Kaplan Fund.

The subcommittee probe of the New York fund began when it learned the foundation had been under investigation by the New York office of the Internal Revenue Service since 1957. That year, and again in 1958, the New York office recommended to Washington IRS headquarters that the fund's Federal tax-exemption status be revoked.

At a subcommittee hearing Aug. 10, Rep. Patman said the revocation was asked because the fund reputedly engaged in stock speculation, and also used funds to "take over" business firms.

In any event, IRS here declined to lift the fund's tax-exemption. It was not known whether Washington IRS officials knew of the CIA connection. But the New York IRS office didn't, according to Mitchell Regovin, assistant to IRS acting commissioner Bertrand M. Harding.

MORI/CDF